

AMENDED IN SENATE MAY 29, 2012

AMENDED IN SENATE MAY 9, 2012

AMENDED IN SENATE MAY 1, 2012

AMENDED IN SENATE APRIL 18, 2012

AMENDED IN SENATE APRIL 9, 2012

## SENATE BILL

**No. 1465**

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**Introduced by Senator Yee  
(Coauthor: Senator Correa)**

(Coauthors: Assembly Members Ammiano, Blumenfield, Huffman,  
and Wieckowski)

February 24, 2012

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An act to add *and repeal* Section 14077 ~~to~~ of the Corporations Code,  
~~and to add Section 44559.13 to the Health and Safety Code,~~ relating to  
economic development.

### LEGISLATIVE COUNSEL'S DIGEST

SB 1465, as amended, Yee. Loan programs.

~~(1) The~~

*The* California Small Business Financial Development Corporation Law authorizes the formation of small business financial development corporations to grant loans or loan guarantees for the purpose of stimulating small business development. That law imposes certain duties with respect to that program on a director designated by the Secretary of Business, Transportation and Housing. The California Small Business Expansion Fund, which is created under that law and is continuously appropriated, provides funds to be used to pay for defaulted loan guarantees and administrative costs of these corporations.

This bill would, *until March 31, 2017*, require the Secretary of Business, Transportation and Housing or his or her designee, to the extent that the secretary determines to be practical, to enter into loans or loan guarantee agreements with financial institutions that provide export financing in the state for the purpose of increasing exports to out-of-state markets and increasing jobs in California.

~~(2) Existing law establishes the Capital Access Loan Program for small businesses, administered by the California Pollution Control Financing Authority, which provides loans through participating financial institutions to qualifying small businesses.~~

~~This bill would require the authority to, to the extent that the authority determines to be practical, enter into qualified loans, as defined, with financial institutions that provide export financing, for the purpose of increasing exports to out-of-state markets and increasing jobs in California.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) The great recession that began in 2007 has severely eroded
- 4 California's economy, and manufacturing and production sectors
- 5 will be the principal contributors to the economic recovery.
- 6 Underwriting export finance loans is a promising financial tool to
- 7 grow manufacturing and production jobs, while generating new
- 8 revenues for the state.
- 9 (b) International trade and expanding export markets have been
- 10 an important part of California's economic prosperity over the last
- 11 60 years. This legislation is necessary to assist California's most
- 12 successful and promising small businesses and industries to secure
- 13 markets beyond its borders. The credit support provided by this
- 14 legislation is necessary to facilitate expansion of financially secure
- 15 businesses and industries that have insufficient international
- 16 experience or access to credit to secure financing from private
- 17 sources. The credit support provided by this legislation will be
- 18 used to facilitate export expansion and is intended to be targeted
- 19 to new or emerging ventures and provide temporary assistance.

1 (c) The Governor's Office of Business and Economic  
2 Development uses its expertise and state resources to support small  
3 businesses that need financial assistance and professional advice  
4 to succeed in markets beyond California's borders.

5 SEC. 2. Section 14077 is added to the Corporations Code, to  
6 read:

7 14077. (a) In connection with his or her duties under this  
8 chapter, the secretary or his or her designee shall, to the extent that  
9 the secretary determines to be practical, enter into loans or loan  
10 guarantee agreements with financial institutions that provide export  
11 financing in the state for the purpose of increasing exports to  
12 out-of-state markets and increasing jobs in California.

13 (b) *This section shall remain in effect only until March 31, 2017,*  
14 *and as of that date is repealed, unless a later enacted statute, that*  
15 *is enacted before March 31, 2017, deletes or extends that date.*

16 ~~SEC. 3. Section 44559.13 is added to the Health and Safety~~  
17 ~~Code, to read:~~

18 ~~44559.13. In connection with its duties under this article, the~~  
19 ~~authority shall, to the extent that the authority determines to be~~  
20 ~~practical, enter into a qualified loan, as defined by subdivision (j)~~  
21 ~~of Section 44559.1, with financial institutions that provide export~~  
22 ~~financing, for the purpose of increasing exports to out-of-state~~  
23 ~~markets and increasing jobs in California.~~